Unemployment rate falls to 3.7% as more people start work

Media Release

Released 21/03/2024

Source: Labour Force, Australia, February 2024

The seasonally adjusted unemployment rate fell by 0.4 percentage points to 3.7 per cent in February, according to data released today by the Australian Bureau of Statistics (ABS).

Bjorn Jarvis, ABS head of labour statistics said: "With employment growing by around 116,000 people, and the number of unemployed falling by 52,000 people, the unemployment rate fell to 3.7 per cent. This was around where it had been six months earlier."

The increase in employment in February followed a weaker-than-usual outcome in December (-62,000), and a modest increase in January (15,000). This equates to 70,000 more employed people in February than there were in November and a growth rate consistent with the underlying trend.

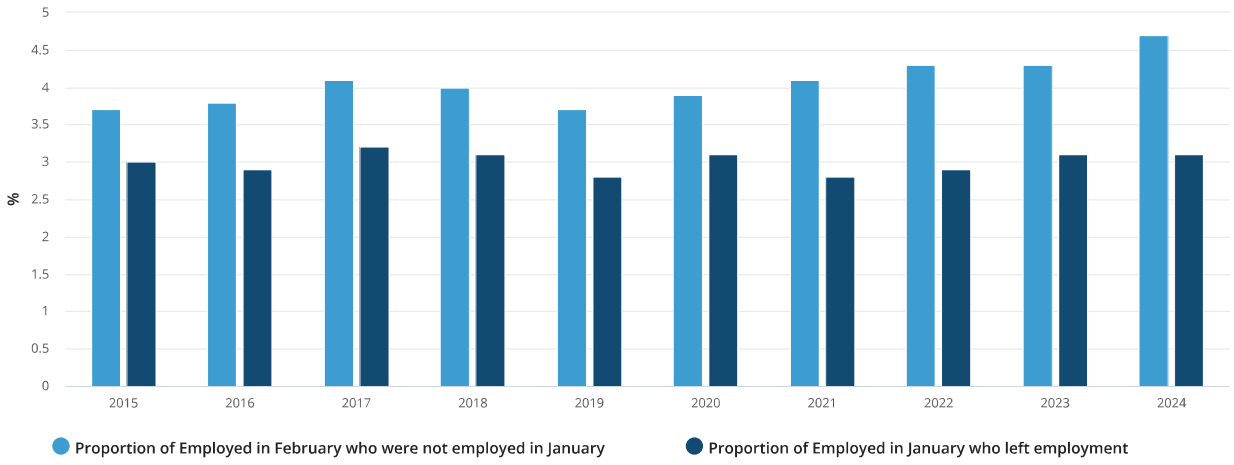
The large increase in employment in February followed larger-than-usual numbers of people in December and January who had a job that they were waiting to start or to return to (/articles/insights-job-attachment-january-202 . This translated into a larger-than-usual flow of people into employment in February and even more so than February last year.

“In 2022 and 2023, around 4.3 per cent of employed people in February had not been employed in January. In 2024 this was higher, at 4.7 per cent, and well above the pre-pandemic average for 2015 to 2020 of around 3.9 per cent."

“In contrast, we again only saw around 3.1 per cent of employed people in January leaving employment by February, which was similar to last year and has remained relatively constant over time. This shows that there is a wider gap than we would usually see between the numbers of people entering employment and leaving employment.”

Employment Inflows & Outflows between January and February

Feedback



Source: Labour Force, Australia, Tables 1 and GM1

Feedback

“In addition, in looking ahead to next month, the number of people in February waiting to start work in March was back to around what we would usually see,” Mr Jarvis said.

Given the relatively large increase in employment, the seasonally adjusted employment-to-population ratio rose 0.4 percentage points to 64.2 per cent and the participation rate rose 0.1 percentage point to 66.7 per cent. While higher than December and January, they remained below their historical highs of 64.4 per cent and 67.0 per cent in November.

“Both the employment-to-population ratio and the participation rate in February were around where they were in August 2023, given employment growth and population growth have both been around 1.4 per cent over the past six months, and there has been relatively little change in unemployment,” Mr Jarvis said.

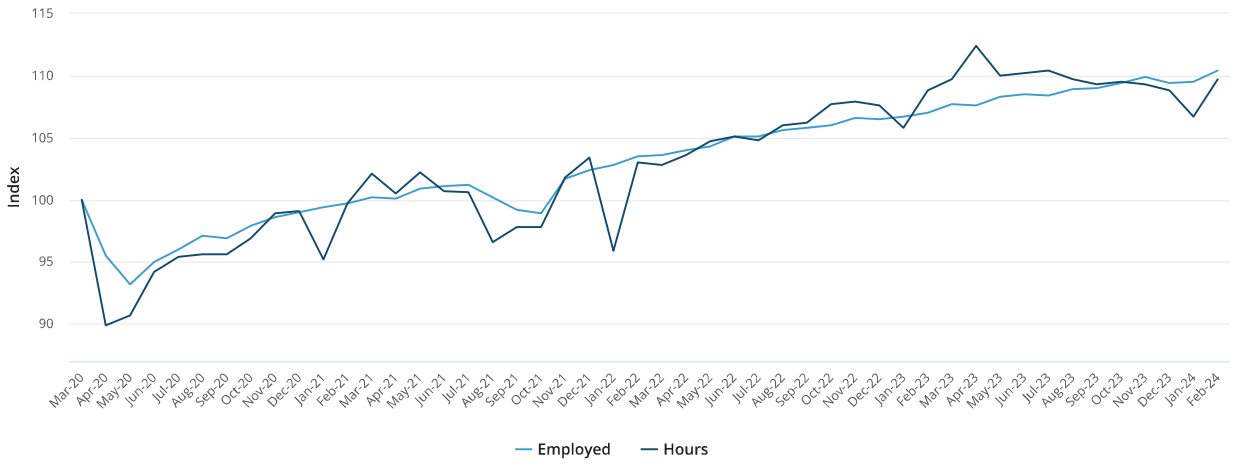
Employment and hours worked

Seasonally adjusted monthly hours worked rose by 2.8 per cent.

“There was a large increase in hours worked in February, as people started or returned to work.

“This followed a six-month period since July of generally declining hours worked. Hours worked in February were around where they had been in August, but still below where they had been in the middle of 2023,” Mr Jarvis said.

Seasonally adjusted employment and hours worked, indexed to March 2020



Source: Labour Force, Australia, Tables 1 and 19

Feedback

Underemployment and underutilisation

The seasonally adjusted underemployment rate fell 0.1 percentage point to 6.6 per cent. While this was 0.7 percentage points higher than February 2023, it was still 2.2 percentage points lower than March 2020.

The underutilisation rate, which combines the unemployment and underemployment rates, fell 0.5 percentage points to 10.3 per cent. This was 0.9 percentage points higher than its recent low of 9.4 per cent in November 2022 but 3.6 percentage points lower than before the pandemic.

Underlying trend data

In February, the trend unemployment rate remained at 3.8 per cent for the sixth month in a row.

In trend terms, employment grew by 26,000 people (0.2 per cent) and hours worked fell 0.2 per cent in February.

The employment-to-population ratio remained at 64.1 per cent in February, for the third month. It has been between 64.1 per cent and 64.2 per cent, in rounded terms, for the past 20 months.

The participation rate fell less than 0.1 percentage point to 66.6 per cent. It has been between 66.6 per cent and 66.7 per cent, in rounded terms, for the past 12 months.

The underemployment rate remained at 6.6 per cent and the underutilisation rate stayed at 10.4 per cent.

“In trend terms, the growth rate in employment has slowed since March 2023. The growth rate in hours worked has also slowed since September 2022 and has been negative since July 2023.

“However, it’s important to remember that this underlying slowdown in growth rates that we’re seeing in the trend data follows a particularly tight labour market during 2022-23,” Mr Jarvis said.

More information, including regional labour markets, will be available in the upcoming February 2024 issue of Labour Force, Australia, Detailed, due for release on Thursday 28 March 2024.

The ABS would like to thank Australians for their continued support in responding to our surveys.

Media notes

- The February survey reference period is from 4 February 2024 to 17 February 2024.
- The March survey reference period is from 3 March 2024 to 16 March 2024.
- Access official, high-resolution images of Bjorn Jarvis and other ABS media spokespeople from our image library (/media-centre/abs-image-library) .
- When reporting ABS data you must attribute the Australian Bureau of Statistics (or the ABS) as the source.
- For media requests and interviews, contact the ABS Media Team via media@abs.gov.au (mailto:media@abs.gov.au) (8.30am-5pm Mon-Fri).
- Subscribe to our media release notification service (https://www4.abs.gov.au/ausstats/notifications.NSF/Web+Pages/ABS+Email+Notification+Service?OpenDocument&js=enabled) to get notified of ABS media releases or publications upon their release.

Feedback